



Decision on Iron Point Facility Budget & Financing

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The new facility will address space and critical security concerns.

- Our current facilities are inadequate:
 - Security concerns exist with our open campus
 - We lack appropriate public meeting places
 - Many of our staff are in inadequate work spaces
 - Our control room will require significant reconstruction to provide world class grid management
- The ISO considered several options, including staying at the current site, purchasing a building or constructing a new facility
- We chose a new facility as the best option and designed a multi-wing facility:
 - Office wing to house staff
 - Public wing for external meetings and board meetings
 - Highly secure mission critical wing for control room and data centers

Our vision for the building is expansive.

- The building will be a showcase for environmental stewardship with a commitment to achieving Gold Level LEED (Leadership in Energy and Environmental Design)
 - Superior energy savings
 - Water efficiency
 - Reduced greenhouse gas footprint
 - Commitment to environmental quality
- We plan to create a world class control room
- The building will be practical, functional and comfortable for the public and employees

The project is now ready for final approvals.

- Overall budget approval
- Authorization for a bond offering
- Resolution to allow certain cost reimbursement from the bond proceeds
- Authorization of several documents related to the bond offering and related mortgage

The overall budget for the building has been set at \$160 million.

- We negotiated a firm, fixed contract for construction with penalties and incentives
- We included all incurred and projected costs including furnishings, the move, and data center and control room equipment
- We included \$10 million in owner contingency

Category	Estimate (millions)
Schematic Design	\$2
Design Costs to 60% Design Development	\$2.9
Design Completion and Construction	\$110.9
Owner Costs	\$34.2
Subtotal Project Costs	\$150
Owner Contingency	<u>\$10</u>
Total Project Total	\$160

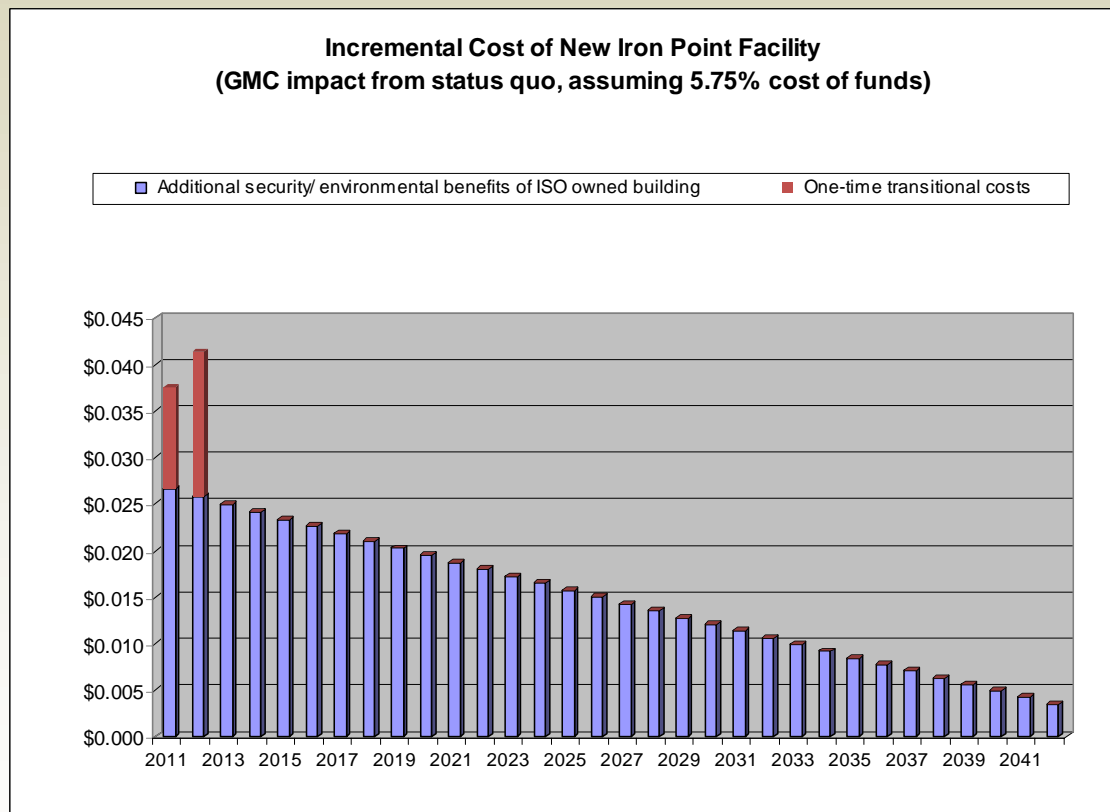
We plan to finance construction of the facility.

- Financing team is in place
- Issuance amount of \$205 million to \$210 million
- Fixed rate securities with a thirty year life
- Expected interest rate between 5.5% and 6%
- Issued through the California Infrastructure Bank
- Expect to receive funds in July

Category	Estimate (millions)
Facility Design and Construction Costs	\$115.8
Associated Costs (move data center, consultants, construction management, furniture, fixtures, contingency, audio/visual)	\$44.2
Subtotal, Building Funding Need	\$160.0
Capitalized Interest	\$25.7
Issuance Costs	\$2.5
Subtotal, prior to Debt Service Reserve Fund	\$188.2
Debt Service Reserve Fund	\$17
Total Issuance Amount	\$205.2 to \$210.0

The GMC impact will be modest.

- Average GMC impact of 1.6 cents over life of financing
- No impact to GMC in 2009 or 2010
- Forecasted GMC is not expected to increase materially



We will tightly manage the project.

- We have a project manager from an experienced construction firm retained to manage the project
- We formed critical teams and tapped senior leadership to lead them
 - Control Center
 - Data Center
 - Interiors
 - Move
- We have tight controls around change controls and other contract matters

The move into the new building will begin in late 2010.

- Site work (including foundations) will occur through the summer
- Construction of the steel frame will begin in September
- The mission critical wing will be available for furniture and fixtures in late 2010
- The general office building will be available for furniture and fixtures in early 2011
- Plans are to complete the move prior to summer 2011

Resolutions

- Budget Resolution – Approves the overall budget
- Bond Issuance Resolution – Allows the ISO to issue bonds to finance the project
- Reimbursement Resolution – Allows bond funds to be used to reimburse the ISO for funds already spent
- Financing Agreement Resolution – Approves the financing documents in substance